

**GOVERNMENT OF INDIA
POWER
LOK SABHA**

UNSTARRED QUESTION NO:2791
ANSWERED ON:05.12.2002
POWER GENERATION AND SUPPLY
PRAKASH V. PATIL

Will the Minister of POWER be pleased to state:

- (a) the details of Accelerated Generation and Supply Programme (AG&SP) that aimed to facilitate completion of ongoing generation projects;
- (b) whether the Government propose not to extend the AG&SP during the Tenth Plan period;
- (c) if so, the reason therefor;
- (d) whether some State Governments have requested the Union Government to extend the Programme during the Tenth Plan;
- (e) if so, the reaction of the Union Government thereto; and
- (f) the time by which the ongoing projects are likely to be completed?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRIMATI JAYAWANTI MEHTA)

(a) to (e) : The extension of Accelerated Generation and Supply Programme

(AG&SP) upto 2007 has been approved by the Government with following modifications:

(i) Interest subsidy has been reduced from 4% to 3%. Interest subsidy would be limited to difference of lending rates and benchmark rate subject to a maximum of 3%. The benchmark rate will be prescribed rate of interest of 12 years of Government security for that particular financial year. An additional 1% interest subsidy will be given for projects in North-Eastern Region.

(ii) The eligibility for funding has been linked to performance on agreed minimum milestones of reforms. Only those states, which perform satisfactorily with respect to the agreed milestones of the reform Memorandum of Understandings (MoUs) entered into with the Ministry of Power and of the Action Plans to achieve commercial viability in accordance with the Reform programme, would be eligible for funding under AG&SP.

(iii) The coverage of AG&SP has been extended to projects financed by the Rural Electrification Corporation (REC).

(i) The scope of assistance under AG&SP scheme will be limited only to State Sector Generating and Renovation & Modernization (R&M) in Thermal and Hydel projects. Several State Governments had also requested for extension of this Scheme to Xth Plan.

(f) : Several Projects of generation and Renovation & Modernization (R&M) would be taken up for financial assistance under this scheme and completion of these projects would depend upon tying of inputs such as arranging finances, fuel supply agreements, Power Purchase Agreement (PPA) etc.